

Message Text

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PAGE 01 OTTAWA 00534 132316Z

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5652

INFO USMISSION GENEVA

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, GATT, CA

SUBJ: MTN - CANADIAN VIEWS

1. DURING LUNCHEON WITH ECON AND COMMERCIAL COUNSELORS

A. L. HALLIDAY (WHO HAS SUCCEEDED MEL CLARK AS
GENERAL DIRECTOR OF OFFICE OF GENERAL RELATIONS IN
DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE AND
WILL BE ONE OF PRINCIPAL ACTORS IN DEVELOPMENT OF
GOC POSITION FOR MTN) MADE FOLLOWING COMMENTS RE
GOC VIEWS AND ACTIVITIES RELATING TO MTN:

A. GOC IS NOT OPPOSED TO GENERAL TARIFF-CUTTING
FORMULA BUT DOES NOT EXPECT THAT SUCH FORMULA
WILL MEET ALL OF GOC'S NEGOTIATING OBJECTIVES AND
THEREFORE WANTS TO SEE WORKING GROUP SET UP TO
EXAMINE SECTORAL POSSIBILITIES. GOC HAS SELECTED
COPPER, NICKEL, LEAD, ZINC, AND WOOD PRODUCTS AS
SECTORS DESERVING INITIAL CONSIDERATION. HALLIDAY
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PAGE 02 OTTAWA 00534 132316Z

COMMENTED THAT USE OF TARIFF-CUTTING AUTHORITY PROVIDED

BY U.S. TRADE ACT OF 1974 COULD ACTUALLY EXACERBATE
"EFFECTIVE PROTECTION" PROBLEM, I.E. IF DUTIES OF
5 PERCENT OR LESS ARE ELIMINATED AND HIGHER DUTIES
WHICH WOULD USUALLY APPLY TO MORE HIGHLY PROCESSED
GOODS ARE CUT BY ONLY 60 PERCENT.

B. GOC IS CONCERNED THAT "INFLEXIBLE" U.S. POSITION
RE TREATMENT OF AGRICULTURE IN MTN RISKS HOLDING UP
PROGRESS BECAUSE OF PROCEDURAL DIFFERENCES. GOC
BELIEVES BEST PROCEDURE IS TO GET TALKS GOING AND DEAL
WITH SUBSTANTIVE ISSUES ON PRAGMATIC BASIS.
EMBOFFS SAID IT WAS EC NOT U.S. THAT WAS BEHAVING
INFLEXIBLY ON AGRICULTURE PROCEDURES. U.S. HAD IN
FACT INDICATED FLEXIBILITY; WHAT WE WISH TO AVOID
IS PROCEDURE WHICH ISOLATES AGRICULTURE IN EXCLUSIVE
FASHION APART FROM REST OF NEGOTIATIONS. HALLIDAY
RECOGNIZED THAT THIS MADE SENSE.

C. GOC INTERNAL MACHINERY IS BEING CRANKED UP
AND OFFICIALS ARE SPENDING GREAT AMOUNT OF TIME IN
MEETINGS BUT NOT MUCH PROGRESS IS BEING MADE IN
DEVELOPING POSITIONS. CANADIAN TRADE AND TARIFF
COMMITTEE (CTTC) WILL BECOME MORE ACTIVE BUT HAS
ONLY RECEIVED LIMITED NUMBER OF PUBLIC SUBMISSIONS
SO FAR. PERHAPS PRESS RELEASE OF JANUARY 30 (SEE
OTTAWA A-59, JANUARY 31, 1975) WILL STIMULATE INTEREST.
GOC IS SOMEWHAT AMBIVALENT ABOUT PUBLIC HEARING
PROCESS -- IS IT WORSE TO BE CRITICIZED FOR NOT
CONSULTING OR, HAVING CONSULTED, FOR IGNORING
ADVICE TENDERED? BUT ON BALANCE HAS COME
DOWN IN FAVOR OF CONSULTATIONS WITH INTERESTED PARTIES.

D. CONSULTATIONS WITH PROVINCIAL GOVERNMENTS ARE
PARTICULAR PROBLEM. THOSE GOVERNMENTS DO NOT WISH TO
BE LUMPED WITH PRIVATE BUSINESS AND LABOR GROUPS.
THEREFORE THEY HAVE BEEN INVITED TO MAKE VIEWS KNOWN
EITHER THROUGH CTTC OR DIRECTLY TO MINISTER (GILLESPIE).

E. HALLIDAY CONFIRMED IMPRESSION (SEE OTTAWA A-53,
JANUARY 30, 1975) THAT GOC IS PUTTING SPECIAL EMPHASIS
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PAGE 03 OTTAWA 00534 132316Z

ON OTTAWA CONTROL, AT MINISTERIAL AND DEPUTY MINISTERIAL
LEVELS, OF GOC PARTICIPATION IN MTN. HE COMMENTED THAT
THERE MAY BE SPECIAL PROBLEM IN THIS REGARD BECAUSE
GENEVA DELEGATION IS ABLE AND EXPERIENCED AND COULD WELL
TEND TO ON-THE-SPOT DECISION-MAKING. GOC WILL PROBABLY BE
BRINGING DELEGATION MEMBERS BACK TO OTTAWA FROM TIME-TO-
TIME TO REORIENT THEM. (LATER IN CONVERSATION, REFERRING
TO FUTURE PLANS OF RETIRING DEPUTY MINISTER

JAMES GRANDY, HALLIDAY MENTIONED POSSIBILITY THAT
GRANDY MIGHT EVENTUALLY BECOME "CHIEF NEGOTIATOR"
ON OTTAWA END, APPARENTLY POSITION ANALOGOUS TO STR.
IT IS NOT CLEAR WHETHER THIS IS UNDER SERIOUS
CONSIDERATION OR MERELY PERSONAL SPECULATION).

F. GEOFFREY ELLIOT, WHO WILL TAKE OVER HALLIDAY'S
FORMER POSITION AS DIRECTOR OF TRADE POLICY BRANCH,
WAS ALSO PRESENT AT LUNCH AND INDICATED ONE OF
HIS PRIORITY TASKS IS TO BONE UP ON STANDARDS
WHICH GOC EXPECTS TO BE EARLY FOCUS OF ATTENTION.
PORTER

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